

Message Text

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INFO OCT-01 ISO-00 /006 R

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DRAFTED BY: D/LOS:OESKIN

APPROVED BY: D/LOS:OTHO E. ESKIN

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R 012338Z MAY 75

FM SECSTATE WASHDC

TO USMISSION GENEVA

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FOR US LOS DEL

FOLLOWING REPEAT NASSAU 724 ACTION SECSTATE 29 APRIL.

QUOTE

C O N F I D E N T I A L NASSAU 724

E. O. 11652: GDS

TAGS: PFOR EFIS EFIN ETRN PINT BF

SUBJ: LUNCHEON DISCUSSION WITH DEPUTY PRIME MINISTER HANNA

1. THE ABOVE SUBJECT DISCUSSION, WHICH WAS RATHER FAR-RANGING IN CHARACTER, REVEALED ONE OR TWO POINTS WHICH MAY BE OF SOME INTEREST TO THE DEPARTMENT.

2. SPINY LOBSTER. AFTER I REHEARSED THE US POSITION RE THE DESIRABILITY OF ENGAGING IN TALKS ON THIS MATTER, HANNA DISCLOSED A SOMEWHAT DIFFERENT PERSPECTIVE THAN I HAD PREVIOUSLY RECEIVED EXPLAINING BAHAMIAN RELUCTANCE TO ACCEDE TO OUR REQUEST. ACCORDING TO HANNA, WHO SAID HE HAD DISCUSSED THE MATTER LAST WEEK WITH MINISTER OF EXTERNAL AFFAIRS ADDERLEY, THE BAHAMIANS FELT THAT A DILEMMA EXISTED. ON THE ONE HAND, THEY DID NOT SEE HOW THEY COULD JUSTIFY NONENCORCEMENT OF A LAW WHICH WAS ON THE BOOKS. ("HOW CAN WE TELL OUR POLICEMEN NOT TO ENFORCE WHAT IS AN EXPLICIT VIOLATION OF THE LAW?")
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ON THE OTHER HAND, TO ENTER INTO TALKS WITH THE US WOULD IMPLY THAT THE GCOB HAD CLEARLY THOUGHT THROUGH ITS POSITION. HANNA WAS CANDID IN STATING THAT GCOB HAS NOT. IN FACT, HE MAINTAINED THAT THEIR APPROACH TO THE CONTINENTAL SHELF LEG-

ISLATION WAS LARGELY ONE WHICH FOLLOWED FROM THE US LEGISLATION, I.E., IF IT WAS GOOD ENOUGH FOR THE US, IT WAS GOOD ENOUGH FOR THE GCOB. (HANNA COMMENTED AS AN ASIDE THAT GCOB HAD SOME REAL DOUBTS AS TO WHETHER EITHER LEGISLATION, INsofar AS IT DECLARED THE LOBSTER A CREATURE OF THE CONTINENTAL SHELF WAS ENTIRELY VALID, BUT IF THE US BELIEVED IT WAS AND SOUGHT TO PROTECT ITS LOBSTERS IT MADE SENSE FOR THE GCOB TO FOLLOW SUIT.) IN ANY EVENT, THE GCOB WAS CONCERNED THAT A DISCUSSION WOULD LOGICALLY LEAD TO QUESTIONS WHICH THEY COULD NOT ANSWER. FOR EXAMPLE, SO FAR AS HE, HANNA, WAS CONCERNED, HE BELIEVED THAT LICENSING US FISHERMEN TO HAVE ACCESS TO THE SHELF WAS SENSIBLE. BUT IF THIS BECAME THE GCOB POSITION, THE NEXT LOGICAL QUESTION WAS, "VERY WELL, WHAT SPECIFIC LICENSING ARRANGEMENTS TO YOU HAVE IN MIND?" TO THAT LATTER QUESTION, THE GCOB HAD NO ANSWER. I POINTED OUT THAT THE OTHER HORN OF THE DILEMMA WAS THAT HAVING BEEN APPROACHED BY THE US LAST DECEMBER WITH A PROPOSAL FOR DISCUSSIONS, SHOULD THERE THEN BE ENFORCEMENT IN AUGUST WHEN THE NEW SEASON OPENS, WITHOUT SUCH DISCUSSIONS HAVING TAKEN PLACE, I COULD SEE THIS LEADING TO A CONFRONTATION SITUATION. HANNA AGREED THAT THIS WAS HIGHLY UNDESIRABLE. I ALSO ARGUED THAT THE USG DID NOT NECESSARILY HAVE ALL OF THE ANSWERS TO ALL OF THE QUESTIONS WHICH MIGHT ARISE EITHER BUT I SAW NOTHING WRONG WITH BOTH SIDES ENTERING INTO EXPLORATORY DISCUSSIONS. WE MIGHT BE ABLE TO ASSIST ONE ANOTHER IN DEFINING THE ISSUES AND THE NEXT STEPS REQUIRED TO RESOLVE THOSE ISSUES.

COMMENT: WHILE I HAVE PREVIOUSLY COMMENTED ON THE CULTURAL HANG-UP WHICH I BELIEVE THE GCOB HAS ON THE SPINY LOBSTER ISSUE, THIS CONVERSATION WITH HANNA REFLECTED A NEW DIMENSION WHICH I HAD NOT PREVIOUSLY FOCUSED ON. THE GOVERNMENT IS SIMPLY EMBARRASSED OVER THEIR BASIC LACK OF PREPAREDNESS TO ENTER INTO DISCUSSIONS. WHEN, IN RESPONSE TO OUR EARLIER OUTLINE, THEY STATED THAT DISCUSSIONS WERE "PREMATURE" IT SEEMS CLEAR THAT WHAT THEY MEANT WAS THAT THEY DID NOT KNOW HOW TO GO ABOUT CONDUCTING AN INTELLIGENT DISCUSSION AND WERE NOT ABOUT TO RISK BEING EMBARRASSED BY HAVING THAT FACT DISPLAYED. CONFIDENTIAL

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IN ANY EVENT, I URGED HANNA TO CONSIDER THE UTILITY OF WHAT I DESCRIBED AS "EXPLORATORY" DISCUSSIONS IN WHICH NEITHER SIDE WOULD NECESSARILY BE EXPECTED TO HAVE FINAL POSITIONS BUT RATHER WOULD ENTER INTO A DIALOGUE DESIGNED TO DEFINE THE ISSUES AND THE MANNER IN WHICH THOSE ISSUES MIGHT BE ANALYZED AND EVENTUALLY RESOLVED.

3. TAXES. HANNA SAID THAT THE IMF STUDY ON BAHAMIAN TAXES HAS NOT YET BEEN COMPLETED (OR AT LEAST HE HASN'T SEEN THE FINAL RECOMMENDATIONS). HE CONFIRMED THAT THE GOVERNMENT VIEWED AN INCOME TAX AS A POLITICAL IMPOSSIBILITY. HE ALSO WAS CATEGORICAL IN STATING THAT ADDITIONAL TAXES WERE ESSENTIAL. ONE SUCH TAX WHICH HE MENTIONED WAS A GRADUATED LICENSE FEE ON

BUSINESS AND PROFESSIONAL MEN (GRADUATED IN RELATION TO TOTAL INCOME). THIS WOULD, OF COURSE, BE A PARTIAL INCOME TAX WITHOUT CALLING IT THAT.

4. YOUTH CORPS. HANNA CONFIRMED THAT THE GOVERNMENT WAS THINKING SERIOUSLY ABOUT INSTITUTING SOME SORT OF A YOUTH CORPS PROGRAM. HE REJECTED THE IDEA THAT THIS SHOULD BE MILITARILY, OR EVEN PARA-MILITARILY, ORIENTED ALTHOUGH ADMITTING THAT HAVING A "DISCIPLINED GROUP OF YOUNG PEOPLE MIGHT HELP IN AN EMERGENCY SITUATION." (HE CITED A HURRICANE AS AN EMERGENCY EXAMPLE.) SO FAR AS HE COULD TELL THE GOVERNMENT SEEMS TO BE THINKING ABOUT A YOUTH CORPS WHICH WOULD BE PUBLIC SERVICE ORIENTED. IT WOULD BE MADE UP OF A SMALL RECRUITED "ELITE-GROUP" (HANNA SAID 40 OR 50) WITH A LARGER GROUP OF PART-TIME VOLUNTEERS. THERE WAS NO IINNDDIICAVON AS TO HOW SOON SUCH A PROGRAM MIGHT BE ANNOUNCED, BUT HANNA DID COMMENT THAT "WE HAVE TO DO SOMETHING TO GET THE YOUNG PEOPLE OFF THE STREETS AND MORE HIGHLY MOTIVATED."

ME COMMENT:IT WAS NOT ENTIRELY CLEAR THAT THIS CONCEPT HAS BEEN THOUGHT THROUGH IN ALL OF ITS DETAILS. FOR EXAMPLE, IT CERTAINLY IS MOST UNCLEAR HOW A CORPS OF 40 OR 50 FULL-TIME YOUGH CORPS PEOPLE WITH A LARGER GROUP OF VOLUNTEERS TOTALING, ACCORDING TO HANNA, PERHAPS 500 WOULD DO MUCH EITHER TOWARD GETTING THE YOUTH OFF THE STREETS OR TOWARD MAKING A DENT IN THE SOCIAL SERVICE NEEDS FOR THE COUNTRY.

5. GOVERNMENT NATIONALIZATION EFFORTS. IN RESPONSE TO MY CONFIDENTIAL

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QUESTIONS CONCERNING THE TAKE-OVER OF THE THREE HOTELS BY THE GOVERNMENT, HANNA RESPONDED THAT THE GCOB DID HAVE IN THE BACK OF ITS MIND THE NECESSITY TO AVOID PERMITTING PRIVATE INDUSTRY TO HAVE A STRANGLE-HOLD OVER THE ONE CRITICAL INDUSTRY OF THE NATION, I.E., TOURISM. AT THE SAME TIME, THE HOTELS IN QUESTION WERE RUNNING INTO FINANCIAL DIFFICULTY AND, IN EFFECT, OFFERED THEMSELVES UP FOR SALE AT VERY FAVORABLE RATES. HANNA MAINTAINS THAT THE HOTELS ARE NOW ABOUT BREAKING EVEN ON A CASH FLOW BASIS WITH THE GOVERNMENT'S SUPPORT LIMITED PRIMARILY TO INVESTMENT AND CAPITAL IMPROVEMENTS.

6. RECIPROCAL AIR LANDING RIGHTS. HANNA REFERRED TO AN APPROACH TO THE US FOR BAHAMAS AIR LANDING RIGHTS IN NEW YORK OR CHICAGO. ONLY IF AIRLINE GOT SUCH LONGER HAUL ROUTES COULD IT MAKE A GO OF IT. HE SUPPOSED DELAY WAS DUE TO INTERNAL US PRESSURES. I CONFESSED IGNORANCE ON THE SUBJECT.

COMMENT: IS HANNA CORRECT? OUR RECORDS SHOW AN APPLICATION FOR A NEW YORK-NASSAU ROUTE MADE IN SEPTEMBER 1974. HAS AN APPROACH BEEN MADE TO THE USG RE NASSAU-CHICAGO? WHERE DOES THE NEW YORK APPLICATION STAND (AND CHICAGO, IF MADE)?
WEISS UNQUOTE KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SHELLFISH, LAW, CONTINENTAL SHELF, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE102413
Document Source: ADS
Document Unique ID: 00
Drafter: D/LOS:OEESKIN
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750154-0216
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197505100/baaaaainm.tel
Line Count: 165
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN DLOS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUN 2003 by BoyleJA>; APPROVED <31 OCT 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: PFOR, EFIS, EFIN, ETRN, PINT, BF, US
To: GENEVA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006